

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 EUR-12 AF-08 IO-13
/098 W

-----252334Z 099646 /61

R 251030Z MAR 77
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 7803
INFO AMEMBASSY JIDDA

UNCLAS KATHMANDU 1180

E.O. 11652 N/A
TAGS: EAID, EFIN, BENC, NP, SA
SUBJ: SAUDI ARABIAN LOAN FOR NEPAL

1. GON MINISTRY OF FINANCE HAS ANNOUNCED THAT SAUDI ARABIA HAS OFFERED AN INTEREST-FREE DEVELOPMENT LOAN OF \$30 MILLION (106 MILLION RIALS) TO NEPAL. THE LOAN IS EXPECTED TO BE USED FOR TWO SEPARATE PROJECTS; THE FINAL 190 KM. SECTION OF THE EAST WEST HIGHWAY IN FAR WESTERN NEPAL, AND THE PROPOSED KANKAI HYDROELECTRIC PROJECT IN EASTERN NEPAL (WEST GERMANY IS ALREADY INVOLVED IN THE KANKAI PROJECT, HAVING FINANCED THE FEASIBILITY STUDIES AND COMMITTED SO FAR A \$10 MILLION LOAN TO ITS IMPLEMENTATION).

2. THIS IS THE THIRD AND LARGEST CASE OF OPEC MONEY FOR NEPAL, THE FIRST BEING \$18 MILLION FOR THE KUWAIT FUND FOR THE KULIKHANI HYDEL PROJECT AND THE SECOND A \$4 MILLION GENERAL PURPOSE LOAN FROM THE OPEC SPECIAL FUND.

3. FROM THE COMMERCIAL POINT OF VIEW THIS INVOLVEMENT OF ARAB MONEY IS POSSIBLY \$70 MILLION KANKAI PROJECT DIMINISHES THE PROSPECTS FOR US BUSINESS INVOLVEMENT IN THAT PROJECT DUE TO ARAB BOYCOTT COMPLICATIONS
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(CF THE MORRISON-KNUDSEN WITHDRAWAL FROM THE JULIKHANI HYDEL PROJECT COMPETITION BECAUSE OF THE INVOLVEMENT OF KUWAIT FUND MONEY).
MAYTAG

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KATHMA01180
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770103-0679
Format: TEL
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770323/aaaaatef.tel
Line Count: 59
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c28a61b2-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2999266
Secure: OPEN
Status: NATIVE
Subject: SAUDI ARABIAN LOAN FOR NEPAL
TAGS: EAID, EFIN, BENC, NP, SA
To: STATE
Type: TE
vdkgvwkey: odbcc://SAS/SAS.dbo.SAS_Docs/c28a61b2-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009